

Samsung faces dubious suit every 5 days from US patent trolls

Analysts say Samsung Electronics has become an easy target as its business scope spans various sectors



South Korean tech giant Samsung Electronics Co. is battling an increasing number of patent infringement litigation cases from US patent trolls, the motives of which analysts say are dubious.

Samsung has become the No. 1 target among major tech companies given its variety of products ranging from semiconductors, smartphones, TVs and communications equipment that use a growing list of patents, industry officials said.

On Feb. 19, KP Innovations 2 LLC, a US non-practicing entity, filed a patent infringement suit against Suwon, South Korea-based Samsung and its US affiliate, Samsung Electronics America Inc., with the Western District Court of Texas.

A non-practicing entity, or NPE in short, is a person or company that acquires a patent or patent rights but does not practice the patented invention.

In the complaint, KP Innovations 2 asserted that the defendants have infringed and continue to infringe one or more claims of its “168 patent” by making, using, importing, offering to sell, and selling certain products and services in the US.

The 168 patent, the plaintiff said, relates to smartphones with two cameras and two displays for providing interpretive communication on a network.



KP Innovations 2 said it has suffered monetary damages and is seeking to recover damages over Samsung’s sale of its foldable smartphones with two cameras and two displays without a license or authorization from the US NPE.

SAMSUNG SINGLED OUT AS TARGET

Industry officials, however, say that the plaintiff's claims are overstretched.

“The structure of a foldable phone naturally requires two cameras and two displays. KP's claims are akin to saying any product equipped with two cameras and two displays comes under its patent rights,” said an industry official.

Further, KP Innovations 2 singled out Samsung as the violator of its patent rights in the complaint, even though other electronics firms such as China's Huawei and Xiaomi as well as Google and Motorola make and sell foldable phones with similar structures.

According to United Patents, a San Jose-based patent information provider, Samsung was sued in over 404 patent infringement cases in the US for five years from 2019, meaning Samsung has been sued once in every 4.5 days.



Customers try out the Galaxy S24 at a shopping mall in Paris on Jan. 17, 2024

Of the 404 cases, 208, or slightly more than half, were filed by NPEs. With that figure, Samsung ranked top in litigation involving NPEs, followed by Google with 168 cases,

Apple with 142 and Amazon with 74.

“If a large company is involved in a patent lawsuit, it often feels pressured to seek an agreement at the earliest possible date. The longer the litigation goes on, the higher relevant costs become,” said an electronics company official.

PATENT TROLLS

Some industry officials said NPEs target large conglomerates such as Samsung, as they operate across various segments.

Samsung is the world’s largest foldable smartphone maker, controlling 66.4% of the market as of the end of 2023.

“More often than not, patent infringement lawsuits are concluded with the defendant paying royalties after the first and second court trial,” said Gong Woo-sang, a patent attorney at Gong & You, a Seoul-based patent and trademark law firm.



Samsung's foldable smartphones Galaxy Z Fold4 and Flip4

Industry officials said NPEs are often patent trolls – companies that use patent infringement claims to win court judgments for profit or to stifle competition.

“NPEs often acquire patents that do not have high technical value but have a wide range of rights at low prices and then use them in lawsuits to gain profits. This trend has become more evident than in the past,” said Lim So-jin, a fellow at the Korea Institute of Intellectual Property.

According to the institute, NPEs file 6.2 lawsuits on average for a patent. By contrast, manufacturing companies file 1.8 lawsuits per patent on average.

KT Imaging, a subsidiary of Texas IP Ventures LLC, has filed complaints against Samsung and Apple over imaging sensor technology, widely used in smartphones, tablet PCs, autonomous driving and Internet of Things (IoT) devices.

BOOMERANG EFFECT

Some overseas NPEs purchase patents from Korea's smaller firms and use them against large Korean companies by filing patent infringement complaints.



Visitors to Samsung's Galaxy Experience Space in Berlin test the Z Flip5 smartphone in August 2023

Of 1,317 Korean patents that foreign NPEs cited in complaints against Korean companies between 2013 and 2022, 52 lawsuits were related to those transferred to overseas firms, according to Statistics Korea.

According to IFI Claims, a US patent information provider, Samsung Electronics topped the list of 2023 US patent winners with its 6,165 patents applied to and approved by US authorities.

When combined with affiliate Samsung Display Co., it received some 9,000 patents from US authorities last year.

Coming in second was Qualcomm with 3,854 patents, followed by Taiwan

Semiconductor Manufacturing Co. (TSMC) with 3,687 patents.

Samsung is the only Korean company that regularly hires patent attorneys to handle patent litigation issues.

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